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## Yugoslavia

## Grain and Feed

# Government of Serbia Puts Export Controls on Wheat 2003

Approved by:

**Holly Higgins**

**U.S. Embassy, Sofia**

Prepared by:

Tatjana Buric

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### Report Highlights:

**On June 28, 2003 the Government of Serbia (GOS) has placed export controls on select strategic commodities, specifically wheat, in an effort to keep wheat, flour and bread prices in line with government expectations. Spring drought damaged 30 percent of the local wheat production. The GOS has announced that with production of 1.3-1.4 million MT Serbia will have enough wheat to cover domestic needs. In this report, FAS Belgrade lowers its forecast for production for 17 percent, 30 percent for imports and 100 percent for exports in MY2003.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Sofia [BU1], YU



### **The Government of Serbia (GOS) restricted wheat export from Serbia**

The Government of Serbia (GOS) has placed export controls on select strategic commodities, specifically wheat, in an effort to keep wheat, flour and bread prices in line with government expectations. This move has angered some local farmers, millers and traders. Officials in both Kosovo and Montenegro claim this unilateral move by the GOS will drive up their food prices given heavy dependence on Serbian wheat. Thus, the likely result will be increased black market sales and higher domestic food prices.

The GOS' "Official Gazette" as published on June 28 (No. 65/03) states that effective immediately, the GOS will exert export controls on wheat, corn and raw leather. Serbian exporters must now file official requests to obtain licenses from a special committee whose members include representatives from three Ministries: Ministry of Agriculture, Ministry of Trade and Ministry of Foreign Economic Relations. The new GOS Minister of Agriculture, Stojan Jevtic approved these export restrictions and forecasts the new wheat crop at 1.3 million MT. According to Minister Jevtic, wheat production in 2003, plus stocks from 2002 will be enough to cover all domestic needs and Serbia will have no need to import or export wheat.

### **Local Production Down went down due to spring drought**

The current wheat harvest is proceeding with uneven yields across the country. Forecasts for total production range from 1.3 to 1.4 million MT. Given domestic milling wheat and seed wheat needs are estimated at 1.3 million MT annually, it is expected that by July 2003, roughly 300,000 MT will be available for stocks. Current on-farm stocks held by farmers (100,000 MT) and the GOS's Commodity Reserves (Robne Reserve) strategic stocks (200,000 MT) are adequate for the next three months. The GOS provided no subsidies to farmers planting wheat this year.

### **Import Tariff for Wheat to Serbia Remains High**

A late harvest caused some traders to begin importing wheat from Russia in May 2003, although in small lots and at high prices. Serbia currently has a 30.5 percent tariff on wheat imports. Montenegro applies a 1 percent tariff on imported wheat, while Kosovo charges 10 percent. Traders in the region report that Serbian wheat is moving "illegally" across the administrative borders in – most likely as small farmer sales.

### **Poor Quality and High Prices of Wheat**

The Serbian wheat price of 9 din/kg (160 USD/MT FOB Danube ports) is high compared with wheat from Hungary (128 USD/MT FOB Danube ports). Serbia usually sells to Macedonia, Bosnia and Herzegovina, in addition to internal sales to Montenegro and Kosovo. The GOS has announced its suggested wheat prices for the 2003 crop at above world market levels, fueling debate about the GOS intent and speculation on poor quality of the new crop. The GOS' Commodity Reserves (Robne Reserve) intends to purchase 250,000 MT of wheat from local farmers and to pay in delayed installments in order to rebuild state stocks over the next few months.

### **Serbian Neighbors Complain**

The Republic of Montenegro's Ministry of Agriculture has complained to Serbian Government about the GOS decision to restrict exports of wheat. Montenegro was specifically included in the restriction due to the GOS' suspicion that wheat will be re-exported through Montenegro. Ministry of Agriculture also argues that the GOS decision is in conflict with a previously signed agreement between Serbia and Montenegro where Montenegro is guaranteed to freely purchase and import basic agricultural commodities from the Serbian market. Both Macedonia and Bosnia have apparently requested that Serbia give them exemptions from the wheat export restriction since it conflicts with recently signed Free Trade Agreements between Serbia and those countries.

### **State Control Over a Free Market**

This is a GOS effort to continue state control of what is now a free market. Despite announcements earlier this year that all types of subsidies and controls on grains would be ended --and protests from trader groups and the national Grain Fund -- these export controls came as a surprise.

**PSD, Wheat**

PSD Table						
Country	Yugoslavia (>01/2001)					
Commodity	Wheat				(1000 HA)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		07/2001		07/2002		07/2003
Area Harvested	720	0	750	0	600	600
Beginning Stocks	200	0	394	0	394	0
Production	2500	0	2200	0	1500	1400
TOTAL Mkt. Yr. Imports	62	0	50	0	150	100
Jul-Jun Imports	62	0	50	0	150	100
Jul-Jun Import U.S.	96	0	0	0	0	0
TOTAL SUPPLY	2762	0	2644	0	2044	1500
TOTAL Mkt. Yr. Exports	248	0	150	0	50	0
Jul-Jun Exports	248	0	150	0	50	0
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	2120	0	2100	0	1800	1300
Ending Stocks	394	0	394	0	194	200
TOTAL DISTRIBUTION	2762	0	2644	0	2044	1500